

MINUTES OF MEETING  
REUNION EAST  
COMMUNITY DEVELOPMENT DISTRICT

The regular meeting of the Board of Supervisors of the Reunion East Community Development District was held Thursday, April 12, 2018 at 1:00 p.m. at the Heritage Crossing Community Center, 7715 Heritage Crossing Way, Reunion, Florida.

Present and constituting a quorum were:

Carlton Grant	Chairman
Mark Greenstein	Vice Chairman
Steven Goldstein	Assistant Secretary
Don Harding	Assistant Secretary
John Dryburgh	Assistant Secretary

Also present were:

George Flint	District Manager
Andrew d'Adesky	District Counsel
Steve Boyd	District Engineer
Alan Scheerer	Operations Manager
Daniel Baker	ACP Communities

**FIRST ORDER OF BUSINESS**

**Roll Call**

Mr. Flint called the meeting to order at 1:00 p.m.

**SECOND ORDER OF BUSINESS**

**Public Comment Period**

There being none, the next item followed.

**THIRD ORDER OF BUSINESS**

**Approval of the Minutes of the March 8,  
2018 Meeting**

On MOTION by Mr. Harding seconded by Mr. Dryburgh with all in favor the minutes of the March 8, 2018 meeting were approved as presented.
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**FOURTH ORDER OF BUSINESS**

**Review and Acceptance of Fiscal Year 2017  
Audit**

Mr. Flint stated next is review and acceptance of the Fiscal Year 2017 annual independent audit. As a governmental entity we are required to have an independent audit performed and you selected McDirmit Davis to provide those services. On page 33 is the management comments and you can see the prior year findings and the current year findings are the same and they are related to the one series of bonds that is restructured but not fully retired. As long as those are out there we will continue to get these comments, but it is not anything that is necessarily under your control at this point. If you get the same comment three years in a row you end up getting a letter from the Joint Legislative Auditing Committee and they just want assurance that the District is not in a state of financial emergency and we won't need financial assistance from the state. We have gotten that letter, we responded to it and that is as far as it has gone. Until we get the one issue cleaned up you will continue to see these comments.

Mr. Dryburgh asked who is the prior developer who failed to do anything?

Mr. Flint responded it was Ginn.

Mr. Dryburgh asked what is the amount?

Mr. Flint responded I can get you that number, I don't have it off the top of my head. When we restructured these bonds there was a total outstanding principal and there was a negotiation to reduce the burden on some of Ginn developed property to make it be developable so then when that burden was reduced, rather than retiring the principal associated with reducing the burden it was set aside so that in the future if there are any properties it could be assigned to it would still be able to do that. This is part of the discussion that has been going on with LRA and Trustee's Counsel.

Mr. d'Adesky stated I will bring that up later.

Mr. Dryburgh stated it ties into page 3, the liabilities increasing and deficit changes within your financial statements and I'm thinking how does this affect us.

Mr. Flint stated it is not necessarily affecting us on a day to day basis. We have this principal amount of bonds sitting there unassigned to any specific property, therefore, we are not collecting any assessments to repay that debt because it is not assigned to a property. Therefore, the debt is not being paid.

Mr. Dryburgh asked the steps to getting it assigned to a property are what? Are steps being taken?

Mr. Flint stated one of the things going on is the discussion between the Landowner and the Trustee. The Board was involved in that, but we stepped back because LRA and Trustee's Counsel were communicating directly to try to come up with a resolution to the issue. Andrew can give you an update on where we are with that.

Mr. d'Adesky stated I was going to give the update during my report but I can give it now. Subsequently in the last month, and I indicated based on last month right before our meeting I had an email from Trustee's Counsel saying let's get involved and talk about this. Apparently the negotiation did not work out for one reason or another but the Trustee reviewed their assertion regarding their position that certain pieces of property, which are currently undeveloped and currently are not encumbered by this bond debt and are developable should be assessed this bond debt. Once again, they haven't reviewed our methodology that we previously put out, we had to have that updated because at this point under good faith they have been negotiating for two years now, we hadn't really updated that methodology so we had to bring that up to 2018 numbers, the numbers from that were 2016 numbers, which is when we got the initial demand letter from the Trustee. Once again, our methodology was our assessment based on a lot of work by Steve Boyd, George Flint, Darrin Mossing from GMS the methodology consultant and ourselves looking at each and every parcel of property and going through and reviewing that and developed a methodology based on that, which was essentially the District's assessment as of that date. We updated that, circulated that to all parties, LRA's Counsel and Trustee's Counsel then we had that call with Trustee's Counsel essentially saying the negotiations for whatever reason did not work so let's move forward with this and once again we have been delayed because we were under the understanding that they were negotiating. The District to be clear also has some interest in O&M assessments if there is any property that is developable that could be paying O&M assessments, that is a separate issue. Given that our budget process is coming up for the next fiscal year we need to figure out whether or not these parcels could be assessed O&M. We spoke with LRA's Counsel and we had a productive conversation with them, they renewed lots of their previous arguments as to why the bond debt didn't apply. It will definitely require future conversations regarding the bond debt, but I think one of the productive things that came out of the conversation was, and it was two separate conversations, one about the O&M and they were open to the concept of dealing with the O&M separately from the bond debt because there are separate legal issues that apply to each and it is

extremely complicated. The bond side is extremely complicated, the O&M side is much simpler so conceptually we might go forward with the O&M, we are getting together the numbers right now, we are having GMS assemble the numbers for O&M, we are going to distribute that to everybody, LRA, the Trustee and see if we can move forward on that quicker and have a longer resolution on the bonds.

Mr. Greenstein asked from a materiality standpoint what percentage of the overall debt service assessments are represented by this issue?

Mr. Flint stated that is a complicated question.

Mr. d'Adesky stated the Trustee's original letter was 100%, our reply was a fraction. It is still a significant number.

Mr. Greenstein stated I'm trying to get a handle on for a summary of the issue.

Mr. d'Adesky stated it is about \$800,000. Our methodology was about \$800,000 in both current and past due assessments. That is pretty much the price tagline on the bond debt side.

Mr. Greenstein asked and on a current basis? It is a small fraction on the total, isn't it?

Mr. Flint stated if we are going to bring that methodology to the Board on an agenda for discussion at a future date I suggest we don't have a detailed discussion on the record until we get that. I also want to amend my comments on the audit, the statement that these comments are beyond our control is also subject to debate and that is part of what we are talking about with Trustee's Counsel. We have been on hold in addressing these issues because of the good faith effort that LRA and Trustee's Counsel were making to try to resolve the issue between themselves and bringing a solution back to us but that was not successful so now we are rekindling the methodology.

Mr. d'Adesky stated that is all the detail to be reported right now and the next step is to circulate everything to follow-up and have those conversations.

Mr. Flint stated the three findings are all directly related to the 2002 and 2005 debt that is outstanding and unassigned. The debt service reserve was depleted as part of that and we have the outstanding principal and interest payments that have not been paid but they are not assigned to any specific properties right now.

On MOTION by Mr. Greenstein seconded by Mr. Dryburgh with all in favor the Fiscal Year 2017 audit was accepted and staff was authorized to transmit the final audit to the State of Florida.

**FIFTH ORDER OF BUSINESS****Staff Reports****A. Attorney****i. Update on Board Member Ethics Requirements**

Mr. d'Adesky stated we had a couple questions come up about topics of interest and when there is a benefit and when you should be abstaining from a vote. The interesting thing about CDDs, and this is confusing for some people, is that Landowners or Landowner employees are allowed to be on the Boards, the statute specifically permits that. If there is going to be what is called, a special private benefit, which could be an increase of stock value, actual money that is going to go to that specific company through doing business they do have to declare a conflict and abstain from that vote, fill out the paperwork and give it to George to be put in the permanent records and read at the next meeting in order to avoid a violation. Just like with Sunshine and Ethics, everything is self-reported so as District Counsel we are not the police and try to investigate everybody and figure out what your financial interests are. We can ask and in some cases we have asked to figure out that you don't have an interest in this entity and it can get confusing because sometimes there are entities that seem related but they are separate and they don't own interests in other entities. I think this came up with the lease issue where we would ask folks from Encore is it a separate legal entity and they said yes we don't own an interest in City Communities who we are signing this lease with and technically there is no violation. We don't go and try to sleuth out do they really have an interest, do they own controlling stock, we can't do that and to use our resources we would spend \$10,000 in legal fees just trying to hunt that out. It is a self-reporting system and if some information came up anybody who hunts out a violation of the Sunshine Law, Ethics or a conflict they can report that to the State and the State would take action and start to investigate that. I put a list of all the things that you can do wrong, solicitation of gifts, unauthorized compensation, misuse of public position, disclosure of information, if we have secret information for example that we are negotiating and that is disclosed to somebody and they get a business advantage that is a violation too. If we were to tell somebody who worked for a particular company the District is thinking about doing this, but it is still secret and being negotiated as part of a settlement or something and they used that to buy stock or get some sort of position, that is a violation as well. There are lots of ways that you could potentially cause a conflict and ethics violation.

Mr. Harding asked do the parties involved with regard to the leasing of the building, should they have abstained from any kind of decision related to the leasing of the building? Should they have done that?

Mr. d'Adesky stated at that time we did ask those individuals on that Board and the ones that voted didn't have an interest. Did one of them declare a conflict?

Mr. Greenstein stated one or two individuals had to recuse themselves from the transaction.

Mr. d'Adesky stated the remainder of the Board voted on it. Because those people recused themselves and the remainder of the Board voted on it that is permissive because the remainder of the Board didn't have a conflict. They didn't gain a benefit.

Mr. Harding asked any future decisions regarding landscaping, building landscaping, or leasing from another landscaping company then that should be something that certain people shouldn't be involved with.

Mr. d'Adesky stated if they are tied to Citicommunities, because I know it is the particular company that owns the land on which the landscaping building is located and I know there are certain entities that for example, Jim Bagley is more invested in, in a certain manner Encore entities and I don't know the employment status of all the employees that are on Board currently but it seems like they work for separate legal entities than Jim Bagley's entities. If that is the case then technically they can vote on it. They may be related, they may do a lot of business together, unless they have a controlling interest, which once again we can't investigate that.

Mr. Greenstein stated it is a fine line and while we want it to be pure as the driven snow it is difficult in the business world to separate folks. Unfortunately, it is a developer controlled Board, I sit on at their pleasure, it is not yet elected, maybe with some high-density housing we may get to 250 registered voters but it is a tough situation. The officers recuse themselves and the folks on the Board who did participate in that transaction were probably employees of some entity in the Encore world.

Mr. d'Adesky stated of some entity. It looks bad sometimes when it is the appearance of impropriety and I totally understand that but otherwise in a lot of cases nobody would be able to vote if only residents could vote, which is why CDDs exist in the first place, the developer can

exercise some amount of control for a certain period of time before it transitions to the people. If you have any questions call at any time and we are available to answer.

The second issue is there has been a lot of shakeup at the County, Joedel had been there for years in transportation, who left and that is a major shakeup, there have been a lot of politics there. The new person who is in charge of the transportation department, Tawny Olore, came from SunRail and I think she may be in over her head. They said they are having a meeting this week on the 532 funding issue. I called, emailed and did everything I could and could not get through to her but she said she would write me back when this meeting occurs this week.

Mr. Greenstein stated it is the 532 landscape fund.

Mr. d'Adesky stated landscape funding issue. I expressed to everybody involved and at this point because of the internal politics because Dave Tomack is the one we have been working with previously, he is very cooperative, he doesn't have power over this, it was in her sphere so I pushed him as much as I can but she has been unavailable and I haven't been able to get in contact with her, she has been out of town. I don't want to push anymore because if I get too involved in the internal struggle then it may just be a no or something.

## **B. Engineer**

Mr. Boyd stated my report is a continuation of Andrew's. Unfortunately, our signal shop drawings have been affected by the same turnover. In the process of Joedel leaving and the new engineer coming on board, approval of the shop drawings by the County got delayed and now that they are back on track they want a Structural Engineer to sign off on the shop drawings. We contacted a Structural Engineer and he is familiar with the signals, his rate is \$145 per hour and I would like you to allow us to engage him or engage him directly up to 16 hours, which would cover his review of shop drawings and two site visits during construction. He will do a construction inspection and final certification. He is an independent Structural Engineer who specializes in traffic.

Mr. Harding asked do you see an impact to the schedule? Are we still looking at May?

Mr. Boyd stated no, we are probably looking at June or July.

Mr. Flint stated I think it would be best if the Structural Engineer would subcontract with the District's Engineer.

On MOTION by Mr. Goldstein seconded by Mr. Dryburgh with all in favor the District Engineer was directed to sub-contract a Structural Engineer for up to 16 hours at \$145 per hour.

Mr. Greenstein asked the County does not have on staff a Structural Engineer that goes out and reviews these projects and certifies it is structurally sound?

Mr. Boyd stated the County will also inspect but I'm anticipating the need to have somebody on our side who can speak to those issues. The fact that this came up in the submittal review I just want to say up to 16 hours, but I want to be able to have him come out to the site and do an inspection and final certification as well.

**C. Manager**

**i. Action Items List**

Mr. Flint stated the irrigation turnover is on hold. Mr. Greenstein and I have a meeting with Daniel after this meeting to discuss the MSA.

Mr. d'Adesky stated Jan and I looked at it and we sent it over to Bond Counsel to review, they need some time and they wanted to schedule a call because conceptually we have to get their blessing because it involves facilities that were constructed with bond funds. We have not received their approval yet.

Mr. Flint stated signage on Sinclair, Carlton has that update.

Mr. Grant stated I want to thank Mr. Scheerer for his time to pick me up and drive me out there. We looked at the location and identified three places, that would be appropriate, they would be facing you as you exit 429 northbound and the other southbound so you get both directions there and also at the key boxes of 12 we identified as 1.0 miles from the 429 intersection to the gate. What I propose is that we look at the design we have used already for the existing signage so it fits into that code and style and matches everything. I will have our marketing team draft up something creative and bring it back to the Board for approval.

Mr. Scheerer stated next Tuesday Fausnight will be here and install the no parking signs with the arrows in and two other locations internal depending on the width of the cones that are there it will have directional arrows going both ways. I have spoken with John Cruise at security as well about enforcing that parking because over the holidays and spring break it was very

congested in that area. He is working on what they can do to better communicate to those folks to not park there because it is definitely not a parking space.

Mr. Harding asked if we are allowed to do signage where you can't park why can't we do that throughout the neighborhood where we have heavy congestion? There is a thing going on in Carriage Point right now where some people are wanting to park in the street and then Daryl was trying to give them notices that they can't and going back and forth and I guess the HOA and Gerald backed off because it is CDD roads and they can't tell them not to park on the road.

Mr. Flint stated it is the Sheriff's Office that would enforce no parking. I think they were trying to educate people and get voluntary compliance but with the sticker saying notice of violation I think a couple people got calls and we got some phone calls.

Mr. Goldstein stated you are educating people where there is a fair amount of renters and they don't care. Unless you have something that clearly says no parking and the cops come and ticket them that will do much more.

Mr. Harding stated we went to the Department of Transportation a number of times and asked if we could get restrictions as far as parking on one side of the road, etc. and we didn't get anywhere because they are public roads.

Mr. Flint stated the reason on that issue is I don't think the roads were designed to have on street parking and Steve advised the Board that because of that we can't really do the alternate parking or even parking on one side of the road because the roads are not wide enough.

Mr. Boyd stated there are only a few places where parking is specifically provided for and that is near the southern end of the east side close to the condos.

Mr. Harding stated then so long as a car can pass through even if there are cars parked on both sides and a car has to wait until the other car comes through then you can't do any kind of restrictions.

Mr. Dryburgh stated I'm hearing that they are not designed for parking, which would be enforceable. If you built a road after submitting it to the State and saying this is a road we are building there is obviously no parking because the roads are too narrow. Just the fact that we haven't enforced it we haven't striped it or done anything out of convenience to renters.

Mr. Flint stated I think the enforcement, specifically writing a ticket the Sheriff's Office is going to want us to have signage specific to that. But the passage of emergency vehicles it doesn't matter if there is signage or not, they can write tickets for that.

Mr. Harding stated if cars are parked on both sides as long as one car can get through at a time then we can't put up any restrictions.

Mr. Flint stated no one said we can't put up restrictions, the issue is we can't enforce the restrictions. We rely on the County to do that.

Mr. Harding stated so we can put the signs up.

Mr. Flint responded yes we just can't write a ticket we would have to get the County to do that.

Mr. Greenstein stated security could do warnings.

Mr. Scheerer stated you could put a sign at the entrance saying no street parking allowed rather than lining the entire street with no parking signs.

Mr. Dryburgh stated you have to be sensitive that Reunion is a short-term rental paradise and looking at it from the perspective of a short-term renter he doesn't have a key to the backdoor to the house.

Mr. Goldstein asked what about parking on one side of the street?

Mr. Flint stated you have to have 20 feet of clearance for fire trucks and you can't park one car and have 20 feet of clearance on that road.

Mr. d'Adesky stated they have picked up on enforcement of that in other communities that we have noticed they are coming through and checking more for the 20-foot obstruction.

Mr. Flint stated if you want to enforce no parking we can put signage up and take steps to enable the sheriff to enforce that but keep in mind that means no parking whether it is one side of the street or both sides of the street. We would try to get away with a sign at the entrance to the community versus signs throughout.

Mr. Greenstein stated the only place where it is worse when it comes to the parking problem than Reunion is Celebration and there was a push to prohibit parking on the street and they had a big furor and they abandoned the plan because it would make things totally unworkable.

Mr. d'Adesky stated what happened after they took that step about a million residents came in and we had a five hour long Board meeting with people screaming at the Board. You will find people who will come in and say things after you start prohibiting parking.

Mr. Boyd stated if you get your inhouse security to put violations on cars when they park across from each other that may help alleviate the problem without going to the other extreme.

Mr. Goldstein stated security knocked on my door when I had a party and people parked across from each other and they calmly suggested they park on one side of the street and further down the street.

Mr. Flint stated there are a couple management companies managing a lot of short term rentals and if we can get them to hand out information when they are renting that would be helpful.

Mr. Harding stated we could have David Burman put a notice out to everybody saying if you are going to park in the street make sure you are not parked opposite another car. I will get with David and see if he could put something out.

Mr. Flint stated say they can't block emergency vehicles.

Mr. Harding stated I will send him an email.

Mr. d'Adesky stated generally we want to always focus on what they shouldn't do not what they should do because if we say what they should do it is like signing off like we have given a stamp of approval on it. Focusing on what you shouldn't do is the way to do it.

Mr. Harding stated we had a water pump problem at Reunion and I didn't realize the water pump is on CDD property. Is that an East issue? It is in Linear park, the water park and the well is on CDD property. Is that okay?

Mr. Scheerer stated the well is an irrigation pump.

Mr. Boyd stated it recharges, it is one of the irrigation pumps for the East side.

Mr. d'Adesky stated it is not an issue.

Mr. Flint stated we have an agreement the CDD entered into with LRA that they will agree to convey that once we resolve the Consumptive Use Permit.

Mr. d'Adesky stated this is part of the overall contemplated infrastructure of the District once the issues are resolved it will be taken on by the District eventually anyway. It is not an issue.

Mr. Harding stated we sent a letter to the commissioner on Poinciana Parkway and I asked George before the meeting if he had gotten any feedback.

Mr. Flint stated I was contacted by Cliff Tate, with Kimley Horn who was hired by the Central Florida Expressway and he is involved in the public input process and design process and he indicated that he was instructed by CSX to schedule some additional public input meetings. Some will be smaller in the 50-person range some will be larger in the 300-person

range and he was reaching out to me to ask about meeting room availability for those sizes and I surmised that maybe his inquiry and direction on this additional input may have had something to do with the letter.

Mr. Harding asked you don't know if he was speaking on the part of the commissioner or not?

Mr. Flint responded no he didn't indicate it was a result of our letter, but the timing is such that it possibly is. As far as 50 people this room is adequate for 300 people I'm not sure of a location here or in ChampionsGate. I have asked the Bella Trae community about their clubhouse and seating capacity, but I don't know.

Mr. Harding stated we met with the HOA the other day and they are going to put out a position thing on how we deal with what the community feels about the possibilities and that kind of thing. I wonder if Lubert-Adler is going to do something as far as making a statement relative to the Poinciana Parkway, their concerns about impacts to Reunion. Is Encore going to do the same kind of thing?

Mr. Baker stated the process if you are not familiar with, it is kind of mandated. It has a public participation component, which is one of many criteria that they will consider. I think intrinsically the public always feels like their input is more material than it really is. The selection of the alignment, local governments like to have these kinds of toll roads within their boundary because they receive benefit. If a commissioner in Osceola County serving an Expressway Authority Board, they would not prefer to have it go through Polk County as an example. Because of knowing the process, understanding the ramifications of the various alignments and knowing what they prefer, once they whittle it down further, we will probably weigh in. It will be from a large stakeholder position and the options that Kimley Horn as a consultant to the Central Florida Expressway Authority postulated are not of equivalent. Those various alignments have a myriad of different factors in terms of success, the acceptability of traffic, their impacts to Reunion. Just by virtue of the conceptual aerial and the high cost, it doesn't compute into the real impacts and acceptability of any options. That needs to play out and as for our position, we are going to wait and then weigh in.

Mr. Dryburgh stated on Spine Road, the signage is squashed together. If you go out to where Old Lake Wilson Road is the sign is swiveled so that Spine does not show up. Could we get that corrected?

Mr. Scheerer stated yes, that happens from time to time.

Mr. Dryburgh stated sidewalk repair, two people who were walking, fell. Have we got a timeframe on when that is going to get replaced?

Mr. Scheerer stated it is done. The CDD portion is, the area we identified as the location where she fell is complete and was completed last week. I talked to the insurance company, I had it checked and the work is done.

Mr. Dryburgh stated it is not this Board's responsibility, it is the golf course and/or Reunion so that is a football toss to you then to say be aware of it because if somebody falls it can be a nasty lawsuit.

Mr. Grant asked where is this located?

Mr. Scheerer stated the sidewalk that parallels Old Lake Wilson road from Excitement Drive, Liberty Bluff gate up the edge of the 7 Eagles Condos.

Mr. Grant stated that is not sidewalk that is the walking path.

Mr. Dryburgh stated yes, the walking path.

Mr. Grant stated I will take a look at it.

Mr. Dryburgh stated it is in really bad shape.

Mr. Dryburgh stated as it gets closer to summertime we get a lot of kids here and they use the water park area, the slides or tennis courts, those structures are extraordinarily hot, kids get burned on it every year. Why can't we throw some sails up, it is not that expensive to put some structures up to break the sun and I think we should look into the cost and share that.

Mr. Flint stated the water park isn't ours, I don't think the playground is either.

Mr. Grant stated it is not.

Mr. Dryburgh stated if we are shooting for a five-star resort you expect that sort of thing.

Mr. Goldstein stated I don't know if you were brought into the loop or not but I sent some pictures over on some of what I thought was HOA property, but it is our property, the property between the sidewalk and the street. I have a picture and there is no grass and it has been this way for six or eight months, it is weeds. The feeling is that Yellowstone isn't taking care of any of this common area at all on Excitement.

Mr. Flint stated if that is an area that had sod previously and it is in that condition now through the care of Yellowstone then Yellowstone is going to re-sod that area at their cost.

Mr. Goldstein stated this didn't happen over the last month. I feel like from the HOA side I know there are a lot of complaints about what's going on with Yellowstone and I know they are making an attempt to fix it, but I feel we are not getting anywhere near the level of service that we got in the past in our common areas, in our home areas and maybe it is something that needs to be addressed as a group. I know Yellowstone is involved with the CDD, the HOA, the master, everything it is going to take everybody getting together and sitting down and say we need to step this up.

Mr. Flint stated I think it starts with Mark, we retained and the HOA retained them as a consultant and to help manage that contract so we will meet with him and we can have him at next month's meeting as well. They do a monthly report so we need to have them present those reports to you at these meetings so everyone is in the loop on this.

Mr. Scheerer stated we will get with Yellowstone.

**ii. Approval of Check Register**

This item will be placed on the next agenda.

**iii. Balance Sheet and Income Statement**

A copy of the balance sheet and income statement were included in the agenda package.

**iv. Status of Direct Bill Assessments**

A copy of the direct bill assessment report was included in the agenda package.

**SIXTH ORDER OF BUSINESS**

**Other Business**

There being none, the next item followed.

**SEVENTH ORDER OF BUSINESS**

**Supervisor's Requests**

This item taken earlier in the meeting.

**EIGHTH ORDER OF BUSINESS**

**Next Meeting Date**

On MOTION by Mr. Harding seconded by Mr. Goldstein with all in favor the meeting adjourned at 2:03 p.m.



Secretary/Assistant Secretary



Chairman/Vice Chairman